

SECRET

OGC 70-1640

23 September 1970

MEMORANDUM FOR THE RECORD

SUBJECT: Appropriations - Southeast Asia

1. On 23 September 1970 Mr. Maury and I met with J. Fred Buzhardt, General Counsel, Department of Defense, to discuss the impact of the amendments to the Defense authorization bill on the Department of Defense and Agency activities in Southeast Asia. We brought each other up to date on various recent discussions on the Hill with congressmen and congressional staff members.

2. Mr. Buzhardt said the result of his talks was to give Senator Stennis and Mr. Braswell the following language in the hope that it could be put in the conference report. Senator Stennis was sympathetic to the idea:

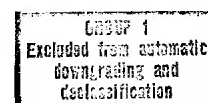
The conferees have agreed to the other language added to this section by the Senate on the basis of a clear understanding that it is not intended to enlarge or to diminish the pre-existing authorization but merely clarifies the authority to support actions taken by the South Vietnamese and other Free World Forces in the sanctuaries. The managers on the part of the House are thus in accord with the position of the Senate that this new language does not require any roll back or other changes in what have been the traditional kinds of operations, with particular reference to Laos.

OSD review(s) completed.

OGC Has Reviewed

NSC review(s) completed.

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3. Mr. Maury and I pointed out that Mr. Slatinsheck had asked for material for the Chairman of the House Armed Services Committee as ammunition for possible elimination of or change to the amendments. Mr. Buzhardt said his discussions on the Senate side led him to fear that such action might reopen a debate in the Senate and lead to even more restrictive language. Mr. Maury and I agreed.

4. Mr. Buzhardt informed us that the President and Secretary Laird had had a meeting with Mr. Rivers on Monday, 21 September, at which they pointed out to Mr. Rivers that many of the points he was prepared to fight were acceptable to the Administration, including the Fulbright amendment, and Mr. Buzhardt believes Mr. Rivers will not reopen the amendment question. We agreed that at this time there was no further action to be taken on the Hill and we would merely wait for the conference report.

5. Mr. Buzhardt seemed well aware of the problems involved



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6. At the start of our discussion, Mr. Buzhardt made quite a point of saying that in his opinion most of the people involved on the Hill had no real understanding of how the Southeast Asian programs with which the Agency is involved were financed. He specifically mentioned Senator Stennis and Mr. Braswell on the Senate side and the House Armed Services Committee members. He agreed that probably Senator Russell, Mr. Woodruff, Mr. Mahon, and Mr. Preston do understand this problem.

7. Mr. Buzhardt returned to the above point at the end of our discussion to say that none of the Senate side, including Senator Fulbright, had been critical of Agency activities which they understood to be financed out of funds appropriated for the Agency.



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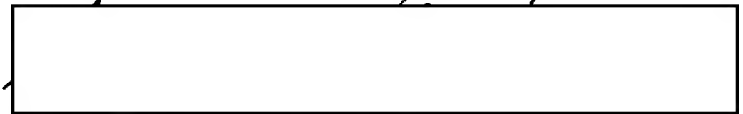
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LAWRENCE R. HOUSTON
General Counsel

cc: ExDir-Compt
DDP
DDS
D/PPB
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OLC
OGC chrono
✓subject APPROPRIATIONS
OGC:LRH:jeb

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DRAFT
OGC:LRH:jeb
17 September 1970

1. The Defense authorization bill, H. R. 17123, is going to conference shortly. One of the Senate changes which will be up for discussion arises out of amendments to the free world forces language, section 502, which reads as follows:

Subsection (a) of section 401 of Public Law 89-357, approved March 15, 1966 (80 Stat. 37), as amended, is hereby amended to read as follows:

'(a)(1) Not to exceed \$2,500,000,000 of the funds authorized for appropriation for the use of the Armed Forces of the United States under this or any other Act are authorized to be made available for their stated purposes to support: (A) Vietnamese and other free world forces in support of Vietnamese forces, (B) local forces in Laos and Thailand; and for related costs, during the fiscal year 1971 on such terms and conditions as the Secretary of Defense may determine.'

The Fulbright amendment would add the following to the above-quoted language:

Nothing in clause (A) of the first sentence of this paragraph shall be construed as authorizing the use of any such funds to support Vietnamese or other free world forces in actions designed to provide military support and assistance to the Government of Cambodia or Laos.

2. The only change in the first paragraph quoted above from the House version is the phrase "in support of Vietnamese forces" instead of the previous words "in Vietnam." This is intended to be mere clarification, and as such it is an improvement and acceptable to the conference. The second paragraph, the so-called Fulbright amendment, does, however, present a serious problem. Granted that there may be agreement on the undesirability of support to free world forces in actions designed to provide military support and assistance to the government of Cambodia or Laos, the question of what constitutes that support and what constitutes a contribution to the U. S. effort in South Vietnam would become a difficult matter of construction under this language.

3. From a military point of view, all of Southeast Asia should be included in the strategic concept. Anything that contributes to the Vietnamization of the war in South Vietnam and to the opportunity for withdrawal of U. S. forces should be considered appropriate for U. S. support. Inevitably, however, insofar as such action puts pressure on Communist forces in Laos or Cambodia, it also supports the Government of Laos or Cambodia.

4. There has been general agreement that so-called sanctuary action, both in Laos and Cambodia, is acceptable, and similarly there has been no serious opposition to interdiction action

in the Ho Chi Minh trail. If the use of free world elements, Thai, Cambodian, or South Vietnamese, added to the effort of the Laotian troops and guerrillas, would put significantly increased pressure on the North Vietnamese in Laos, this would affect favorably the situation in South Vietnam by drawing off North Vietnam personnel and supplies and in some cases perhaps permitting more effective interdiction of such personnel and supplies on their way to South Vietnam through Laos.

5. The fact that the government of Laos would benefit therefrom should not prevent U. S. support of such actions or similar actions in Cambodia if the tactical situation there indicated that it would materially aid the situation in South Vietnam. Therefore, either the language of the Fulbright amendment should be struck or there should be added to it the phrase "unless it is determined that support to Vietnam or other free world forces in Cambodia or Laos would materially contribute to the Vietnamization of the war in South Vietnam and the opportunities for withdrawal of U. S. forces from South Vietnam."

TRANSMITTAL SLIP		DATE
TO: <i>LRH</i>		
ROOM NO.	BUILDING	
REMARKS: OGC SUBJECT: APPROPRIATIONS <i>Looks as if Laird decided to put a hot poker to Kissinger</i>		
FROM:		
ROOM NO.	BUILDING	EXTENSION

FORM NO. 241
1 FEB 55

REPLACES FORM 36-8
WHICH MAY BE USED.

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UNCLASSIFIED	CONFIDENTIAL	SECRET	
OFFICIAL ROUTING SLIP			
TO	NAME AND ADDRESS	DATE	INITIALS
1	Mr. DeLoach	9/17	W
2			
3	Mr. Harbo		
4			
5			
6			
ACTION		DIRECT REPLY	PREPARE REPLY
APPROVAL		DISPATCH	RECOMMENDATION
COMMENT		FILE	RETURN
CONCURRENCE		INFORMATION	SIGNATURE

Remarks:

FOLD HERE TO RETURN TO SENDER				
FROM: NAME, ADDRESS AND PHONE NO.				DATE
104 E [REDACTED ADDRESS]				168/85
UNCLASSIFIED		CONFIDENTIAL		SECRET

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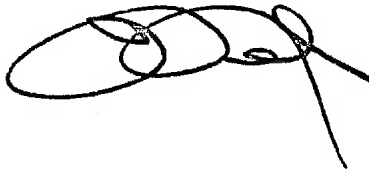
OFFICE OF THE SECRETARY OF DEFENSE

September 14, 1970.

MEMO FOR HONORABLE RICHARD HELMS
Director, Central Intelligence

Dick:

I wanted you to have a copy of
my attached note on our basic security
assistance program.



Attachment

REGRADED UNCLASSIFIED **SECRET**
WHEN SEPARATED FROM
CLASSIFIED INCLOSURES

Sec Def Cont Nr. X-5124

THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 2030170-4781
11 SEP 1970

MEMORANDUM FOR: Assistant to the President for National Security Affairs

INTRODUCTION

We are involved in a real crisis in our key programs for grant military assistant (MAP), Foreign Military Sales (FMS) and Supporting Assistance (SA).

In the first place, the resources currently available and being requested from Congress are inadequate to support ongoing implementation of the Nixon Doctrine and to assist in maintaining adequate balances of power throughout the world. Requirements continue to mount which have led--and continue to lead--to overcommitment of limited available funds in the basic security assistance programs. The only possible result, without supplemental help, is that Defense is unable to achieve specified national security goals.

In the second place, the time to make the request for additional resources is now. The necessary action has not been forthcoming. I am convinced the only viable solution to the current MAP/FMS crisis is to ask for more resources.

I know the Executive Branch has preferred not to seek supplementary FY 1971 funds from Congress until much later in the year. The on-rush of events in the Middle East, Southeast Asia, and Korea will not, however, afford us the luxury of waiting. The failure to move now for a supplemental is contributing to the current MAP/FMS crisis. The irony is that the present circumstances are favorable for receiving favorable Congressional consideration of a supplemental request. The corollary is that future circumstances almost certainly will not be as favorable. In the following paragraphs, I would like to outline in more detail our current situation.

MILITARY ASSISTANCE

We have urgent additional MAP requirements for at least \$260 million. A summary breakout of the MAP supplemental needs is as follows:

Republic of Korea	\$150 million
Cambodia	60
Turkey	25
Republic of China	15
Greece	<u>10</u>
Total Grant Aid MAP Supplemental	\$260 million

The \$150 million for the Republic of Korea is needed to initiate a balanced force modernization. This modernization is essential to compensate, in part, for ongoing U.S. troop withdrawals. The Cambodian situation presents a no-less-urgent requirement. Currently, \$48.9 million is available to cover the outlays for both FY 1970 and FY 1971 (\$8.9 million in FY 70 and \$40.0 million in FY 71). All except \$13 million of the \$48.9 million has already been obligated. In the meantime, estimates of FY 1971 Cambodian requirements are \$100.0 million, i.e., \$60 million more than is currently at hand. Without a supplemental, our alternatives are (1) to restructure further an overall MAP pool of funds which is insufficient to achieve U.S. goals, or (2) to design a military strategy in Cambodia within the confines of the existing funds, a course which may likewise lead to failure to achieve stated U.S. objectives. Obviously, both of the currently available alternatives are undesirable. In addition to the additional ROK and Cambodian needs, there is an urgent requirement for \$50 million to restore Turkey, the Republic of China, and Greece to the pre-existing FY 1971 MAP levels.

FOREIGN MILITARY SALES

Drastic reductions in grant aid make the need for credit sales more important than ever. Authorizing legislation for FY 1970 and FY 1971 Credit Sales, however, remains in joint Senate-House Conference, and we cannot offer even this sort of help to foreign countries.

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Unless we can provide additional credit, [] faces a grave financial situation and might be forced to default on payments due this year, the first such default in the history of Foreign Military Sales. If this should occur, the Military Departments may not be reimbursed for many millions of dollars in costs already incurred, ongoing contracts may be cancelled at considerable cost, and Israel might not receive equipment it expects and urgently needs. A chaotic situation would prevail until the problem is resolved.

SUPPORTING ASSISTANCE

During this period of continuing U.S. troop redeployments from Southeast Asia and concurrent Vietnamization, we must do what we can to assure that the South Vietnamese Government survives. The economy of South Vietnam is strained by the demands of Vietnamization, and as anticipated in defending the Foreign Aid Bill before Congress, additional supporting assistance, estimated at about \$100.0 million, will be needed. Similarly, there is a pressing requirement for about \$130.0 million in Supporting Assistance for Cambodia. Funds are immediately needed to assist the Cambodian Government to pay and support its growing forces and limit the impact of this action upon its fragile and underdeveloped economy. Supporting Assistance is required for both these programs now. Failure to supply such assistance could seriously jeopardize Vietnamization and/or contribute to Cambodia's fall. Our already significant investment, both in terms of military equipment and prestige, could be lost.

TIMING OF SUPPLEMENT REQUEST

Now is the time to make the supplemental request. There is general approval for our initiation of U.S. troop redeployments from the Republic of Korea. Likewise, the situation in Cambodia is more stable than we may expect after the North Vietnamese have had time to infiltrate new men and supplies. The time to make the request for a MAP supplemental is when patterns and trends are going reasonably well from our standpoint. Congress will act, in my judgment, to keep the situation going well. To delay asking for the MAP Supplemental is to risk making the request at a much less propitious time. In my judgment, if we do not request a MAP Supplemental within 30 days, there will be no chance of obtaining the added -- and critical -- MAP funds.

25X6 Likewise, the time to move on the FMS situation is now. The Middle East situation is such that favorable consideration could be expected on the [] funding. More pragmatically, if the Defense Department does not obtain relief on the funding, the military departments will literally have to take major funding increments out of their hide -- and that at a time when our available resources for our own needs are only marginally sufficient to meet our major strategy objectives.

Furthermore, we may now expect Congress to work towards a mid-October adjournment. If we do not press now for MAP/FMS action, we shall lose the opportunity for relief until February 1971 at the earliest. That presents a clearly intolerable situation.

SUMMARY

I consider our programs for Military Assistance and Credit Sales to be of highest priority and essential to U.S. foreign policy objectives. We have done our best to design our assistance programs in a fashion that will minimize the need for stationing U.S. forces overseas and, at the same time, give us reasonable assurance that our interests abroad are protected. We cannot succeed unless we are provided with the resources requisite to the job.

We should take immediate and forceful action to obtain:

- . The FY 1971 appropriations requested for military assistance.
- . The FY 1970 and FY 1971 Foreign Military Credit Sales appropriations.
- . The requisite supplemental funds for each of our assistance programs, viz,
 - MAP supplemental of \$260 million.
 - An amendment to the DoD Procurement Appropriations request to fund credit military sales to Israel amounting to \$390 million.
 - Supporting Assistance supplement of \$230 million.

These steps are essential if the United States is to carry out programs which are essential -- and on which actions have already been taken -- in the Far East, in Southeast Asia, and in the Middle East. I strongly urge immediate action.